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THIS IS UNEVALUATED INFORMATION

SOURCE Kien-ven Pao.COMMUNISTS BOTHERED BY CURRENCY INFLATION

There are a number of signs that the Chinese Communists are suffering from a currency inflation. A few weeks after the surrender of Pei-p'ing, it was possible to increase greatly the purchasing power of the gold yuan by remitting it to Pei-p'ing and exchanging it for People's Bank Notes. Then exchange remittances were suddenly stopped without a clear explanation. After a time, they were again permitted through five designated banks, but these banks have shown no enthusiasm for this business.

The reasons for this reluctance are not clear. It may be due to a lack of good liaison between the northern and southern branches of these banks, or it may be due to an apparent reluctance of the northern finance authorities to encourage exchange remittances between the cities of the north. Some bankers think it is due to the unprofitableness of exchange dealing between T'ien-ching and Pei-p'ing. Others are saying that the Communist authorities may try freezing the currency, a move which brought disaster to the Nationalist financial authorities in connection with the issue of gold yuan currency.

The inexperience of the CCP in administering a metropolitan economy seems to be throwing them into the same inflationary problems that have brought so much difficulty to the Nationalist authorities. This is considered to be one possible reason for the embargo on news out of the north.

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